

AFTER RECORDING, RETURN TO:  
Trust Accounting Center  
P. O. Box 730  
Anacortes, WA. 98221



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Skagit County Auditor

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## DEED OF TRUST

(For Use in the State of Washington)

THIS DEED OF TRUST, is made this 1<sup>st</sup> day of July, 2007, between the

GRANTOR: Park Place Properties NW, LLC, a Washington Limited Liability Company, whose address is: P.O. Box 737 Colbert, WA 99005 and the

TRUSTEE: Land Title Company of Skagit County whose address is: P.O. Box 445 Burlington, WA 98233 and the

BENEFICIARY: Private Funding Group NW, LLC., a Washington Limited Liability Company, whose address is: 19125 Northcreek Pkwy. Suite 120 Bothell, WA. 98011 .

WITNESSETH, Grantor(s) hereby bargain(s), sell(s) and convey(s) to Trustee in Trust, with power of sale, the following described property in Skagit County, Washington:

LEGAL: Lot 15 & 16 of the Cobahud Waterfront Tracts, within Government Lot 4, Section 34, Township 34 North, Range 2 East, W.M., Skagit County, Washington on the Swinomish Indian Reservation.

More commonly known as Lot 15 & 16 Cobahud Waterfront Tracts LaConner, WA. 98257

which real property is not used principally for agricultural or farming purposes, together with all the tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the rents, issue and profits thereof.

This deed is for the purpose of securing performance of each agreement of Grantor herein contained, and payment of the sum of One hundred fifty thousand and 00/100 Dollars US (\$150,000.00) with interest, in accordance with the terms of a promissory note of even date herewith payable to Beneficiary or order, and made by Grantor(s), and all renewals, modifications, replacements, and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor(s), or any of their successors or assigns, together with interest thereon at such rate as shall be agreed upon,

To protect the security of the Deed of Trust, Grantor covenants and agrees:

1. To keep the property in good condition and repair, to permit no waste thereof, to complete any building, structure or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions, and restrictions affecting the property.
2. To pay before delinquent, all lawful taxes and assessments upon the property; to keep the property free and clear of all other charges, liens or encumbrances impairing the security of this Deed of Trust.
3. To keep all buildings now or hereafter erected on the property described herein continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust. All policies shall be held by the Beneficiary, and be to such companies as the Beneficiary may approve and have loss payable first to the Beneficiary, as its interest may appear and then to the Grantor(s). The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Beneficiary shall determine. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor(s) in insurance policies then in force shall pass to the purchaser at the foreclosure sale.
4. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorneys fees in reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

5. To pay all costs, fees and expenses in connection with this Deed of Trust, including the expense of the Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorneys fees actually incurred, as provided by statute.

6. Should Grantor(s) fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property described above, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured by this Deed of Trust.

7. In the event that the subject property is currently or becomes encumbered by any prior deed of trust, security interest or lien ("Senior Encumbrances"), the Grantors agree to perform all of Grantor's obligations under the Senior Encumbrances including Grantor's covenants to make payments when due. If Grantors fail to perform the covenants and agreements contained in any Senior Encumbrance, or if any action or proceeding is commenced under any Senior Encumbrance which materially affects Beneficiary's interest in the subject property, then Beneficiary, at Beneficiary's option, upon notice to Grantors, may declare a default under this Deed of Trust and may make such appearances, disburse such sums and take such action as is necessary to protect Beneficiary's interest. Any amounts disbursed by Beneficiary pursuant to this paragraph, with interest, at the Note rate, shall become additional indebtedness of Grantors secured by this Deed of Trust. Unless Grantors and Beneficiary agree to other terms of payment, such amounts shall be payable upon notice from Beneficiary to Grantors requesting payment thereof. Nothing contained in this paragraph shall require the Beneficiary to incur any expense or to take any action.

8. Grantor represents and warrants to Beneficiary that to the best of Grantor's knowledge, after due and diligent inquiry, no hazardous or toxic waste substances are being stored on the property or any adjacent property nor have any such substances been stored or used on the property or adjacent property prior to Grantor's ownership, possession or control of the property. Grantor agrees to provide written notice to Beneficiary immediately upon Grantor becoming aware that the property or any adjacent property is being or has been contaminated with hazardous or toxic waste or substances. Grantor will not cause nor permit any activities on the property which directly or indirectly could result in the property or any other property being contaminated with hazardous or toxic waste or substances. For purposes of this Deed of Trust, the term "hazardous or toxic waste or substances" means any substance or material defined or designated as hazardous or toxic wastes, hazardous or toxic material, or hazardous, toxic or radioactive substance or other similar term by any applicable federal, state or local statute, regulation or ordinance now or hereafter in effect.

9. Grantor shall promptly comply with all statutes, regulations and ordinances, and with all orders, decrees or judgments of governmental authorities or courts having jurisdiction, relating to the use, collection, storage treatment, control, removal or cleanup of hazardous or toxic waste or substances in, on or under the property or in, on or under any adjacent property that becomes contaminated with hazardous or toxic waste or substances as a result of construction, operations or other activities on, or the contamination of, the property, or incorporated in any improvements thereon, at Grantor's expense. Beneficiary may, but is not obliged to, enter upon the property and take such actions and incur such costs and expenses to effect such compliance as it deems advisable to protect its interest as Beneficiary; and whether or not Grantor has actual knowledge of the existence of hazardous or toxic waste or substances in, on or under the property or any adjacent property as of the date hereof, Grantor shall reimburse Beneficiary on demand for the full amount of all costs and expenses incurred by Beneficiary prior to Beneficiary acquiring title to the property through foreclosure or deed in lieu of foreclosure, in connection with such compliance activities.

Grantor Initials

Further, it is mutually agreed that:

10. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.

11. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure to pay.

12. The Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto, on written request of the Grantor(s) and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

13. Upon default by Grantor(s) in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of Beneficiary, Trustee shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except Trustee, may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) the expense of sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; and (3) the surplus, if any, shall be distributed to the persons entitled thereto.

14. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Grantor(s) had or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust,



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which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrances for value.

15. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

16. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Grantor(s), Trustee, or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

17. If all or any part of the property that is subject to this Deed of Trust is sold or transferred by Grantor(s), then the Beneficiary reserves the right, at Beneficiary's option, to declare the entire indebtedness secured hereby to be immediately due and payable.

18. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors and assigns. The term "Beneficiary" shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

#### WARNING

Unless you provide us with evidence of the insurance coverage as required by our contract or loan agreement, we may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the collateral becomes damaged, the coverage we purchase may not pay any claim you make or any claim made against you. You may later cancel this coverage by providing evidence that you have obtained property coverage elsewhere.

You are responsible for the cost of any insurance purchased by us. The cost of this insurance may be added to your contract or loan balance. If the cost is added to your contract or loan balance, the interest rate on the underlying contract or loan will apply to this added amount. The effective date of coverage may be the date your prior coverage lapsed or the date you failed to provide proof of coverage.

The coverage we purchase may be considerably more expensive than insurance you can obtain on your own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

In Witness whereof, the Grantor(s) have signed this Deed of Trust.

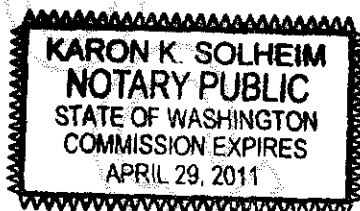
Park Place Properties NW, LLC

STATE OF WASHINGTON )  
 ) SS  
COUNTY OF SPOKANE )

On this 18<sup>th</sup> day of July, 2007, I certify that I know or have satisfactory evidence that Melvin L. Johnson, the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in this instrument

Karon K Solheim  
(Notary's Signature)

Karon K Solheim  
(Notary's Name Typed/Printed)



NOTARY PUBLIC, in and for the State of Washington,  
residing at: Spokane  
My commission expires: 4/29/2011

#### REQUEST FOR FULL RECONVEYANCE

TO: TRUSTEE

The undersigned is the legal owner and holder of the Note and indebtedness secured by the within Deed of Trust. Said Note and all other indebtedness secured by said Deed of Trust has been fully paid and satisfied and you are hereby requested and directed on payment to you under the terms of said Deed of Trust to cancel said Note above mentioned, and all other evidence of indebtedness secured by said Deed of Trust delivered to you herewith together with the said Deed of Trust, and to reconvey without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you thereunder.

DATED: \_\_\_\_\_



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